

Message Text

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PAGE 01 VIENNA 03138 031917Z

ACTION EB-08

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 NEA-10 ISO-00

SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00

DOE-15 H-02 INR-10 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-05 ICA-20 OES-07 SP-02 SS-15 STR-07

TRSE-00 ACDA-12 PA-02 OIC-02 IO-14 /202 W

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R 031620Z APR 78

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 5815

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USINT BAGHDAD

AMCONSUL DHAHRAN

UNCLAS VIENNA 03138

E.O. 11652: N/A

TAGS: ENRG, OPEC

SUBJECT: OPEC STAFF MEMBERS DISCUSS PRICING FORMULA

1. ON MARCH 30, 3 OPEC STAFFERS DISCUSSED TECHNICAL ISSUES WITH THE VIENNA PRESS. THE THREE WERE ECONOMIC SECTION CHIEF DR. JANABI, TECHNICAL SECTION CHIEF DR.

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PAGE 02 VIENNA 03138 031917Z

KADHIM, AND INFORMATION OFFICE CHIEF HAMID ZAHERI.

THE OPEC PANEL SIDESTEPED QUESTIONS ABOUT POLICY BUT DID PROVIDE TECHNICAL INFORMATION ABOUT PRICING -- THE TOPIC OF PRIMARY INTEREST TO THE QUESTIONERS.

2. DR. JANABI EXPLAINED IN SOME DETAIL HOW THE SECRETARIAT CALCULATES THE IMPACT OF CHANGING US DOLLER

VALUES ON PETROLEUM PRICES. INITIALLY (IN 1971)--
UNDER THE "GENEVA I" AGREEMENT -- OPEC MEASURED DOLLAR
DEPRECIATION IN TERMS OF THE PARITY CHANGE OF THE
DOLLAR VIS-A-VIS 9 OTHER CURRENCIES (THE BELGIAN, FRENCH
AND SWISS FRANCS, D MARK, YEN, LIRA, GUILDER, SWEDISH
CROWN AND BRITISH POUND). IN 1972 -- UNDER THE "GENEVA
II" AGREEMENT THE GROUP OF CURRENCIES WAS EXTENDED TO
11 (TO INCLUDE THE CANADIAN AND AUSTRALIAN DOLLARS).
BASED ON THE AVERAGE ARITHMETIC DEPRECIATION OF THE
DOLLAR VIS-A-VIS THESE CURRENCIES, THE LOSS IN OPEC
REVENUES SINCE 1976 IS ESTIMATED AT ABOUT \$12 BILLION
(I.E. 10 PERCENT OF ESTIMATED TOTAL REVENUES WHICH
EXCEED \$120 BILLION). IF THE CURRENCIES INCLUDED IN
THE GENEVA II AGREEMENT ARE WEIGHTED ACCORDING TO THE
RESPECTIVE COUNTRY'S IMPORTANCE IN TRADE WITH OPEC
COUNTRIES, THE LOSS RISES TO APPROXIMATELY 15 PERCENT
OR ABOUT \$18 BILLION. JANABI ALSO EXPOUNDED ON
VARIOUS OTHER FACTORS WHICH COULD AND SHOULD BE CON-
SIDERED, SUCH AS THE IMPORTANCE OF THE INDIVIDUAL
GENEVA II CURRENCY COUNTRIES IN WORLD TRADE AND THEIR
IMPORTANCE IN TRADE WITH INDIVIDUAL OPEC COUNTRIES.
HE ALSO SPOKE OF THE IMPACT OF INFLATION AND OPINED
THAT THE CURRENT IMPORT PRICE INDEX FOR GOODS NEEDED
BY OPEC IS ABOUT 270-280 (1974 EQUALS 100).

3. THE OPEC STAFFERS EVADED A DIRECT QUESTION WHETHER
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PAGE 03 VIENNA 03138 031917Z

OPEC IS SEEKING ANOTHER STANDARD CURRENCY TO REPLACE
THE DOLLAR. THEY STATED, HOWEVER, THAT SDRS HAVE
BEEN DROPPED AS A POTENTIAL "OIL CURRENCY". JANABI
SAID THAT THE SECRETARIAT HAD BEEN TASKED WITH STUDYING
THE DOLLAR IMPACT PROBLEM FOR FORWARDING TO THE
ECONOMIC COMMISSION BOARD AND ULTIMATELY TO THE OIL
MINISTERS' CONFERENCE FOR CONSIDERATION. WOLF

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